

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – JUNE 8, 2005

PRESENT: Chairman Anthony Maiola and Commissioners John Byrne and Patricia Russell; Craig Bulkley, Bureau Chief of Administrative Services; John Bunnell, Administrator of Marketing & Sales; Randall Avery, Deputy Chief of Enforcement; Howard Roundy, Director of Information Technology; Evie Taft, Human Resources Administrator; Steven Slovensky, Legal Counsel; Peter Engel, Director of Store Operations; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Marketing Specialist; George Tsiopras, Chief Financial Officer, Doreen Wittenberg, Business Supervisor, Administrative Services. **Guests:** Al Picconi, United Beverages, Inc.

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Sales Reports:

Sales for the week ending June 5, 2005 were up \$282,485 or 4.12%, as they were annually by \$22,204,112 or 6.45%.

B. Budget/Administrative Reports:

Gift card sales are about \$25,000 ahead of this same time period in 2004, although 5,500 fewer cards have been sold. The average dollar value has increased from \$20.72 to \$31.44. There is also a card promotion coming up for the summer which will be sponsored by Allied Domecq.

The warehouse project continues. One of the four manufacturer representatives came in this morning to obtain further measurements. One informal report has been received by telephone. Craig is waiting for several reports in written form.

The current W-6 Expense Budget Activity Variance Report indicates the year to be at about 93.7% expired, with agency expenditures at around 90%. With two payroll periods remaining, Classes 50 and 18 seem to be holding. Utilities continue to be closely watched.

The renewal contract for advertising services is on the next Governor and Council agenda.

2. IT Report

The IT re-numbering project is moving forward. There have been a few glitches which now appear to have been resolved.

Store #66 in Hooksett lost it's FRAD line yesterday, resulting in the dial mechanism failing. This was fixed by about 3:30 p.m., and the store was back up and running.

Howard will be on vacation for the next few weeks. Programming issues should be referred to Rick Racicot, and other issues to Tom Chagnon. Tom will be attending the next several meetings in Howard's place.

3. Human Resources Report

Work is almost completed on the employee handbooks. Copies will be distributed to the Commissioners for their review.

II. MARKETING & SALES REPORTS

1. Store Operations

Store sales for the week ending 6/5/05 increased by 2.56% or \$137,044.90. The new Center Harbor store is doing well, and is at the same level with Store #24 Newport.

The stores are currently in the middle of quarterly inventory, which will be finished next week.

Work is continuing on the new Keene location. Shelving will be arriving there today. Because of a floor installation problem which occurred yesterday, Warren has offered their services to help set up the shelving.

2. Purchasing Report

John Bunnell is in the process of trying to obtain a release date for the Diageo bordeauxs.

3. Merchandising Report

A. SPIRITS:

1) Test Market Products:

a. Test Market Request (Johnnie Walker Green Label Scotch):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Diageo North America for a new test market listing for Johnnie Walker Green Label Blended Malt Scotch Whiskey, 750ML

size (assigned new Code #2721), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Test Market Request (Barbarossa Coconut Rum):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/White Rock Distilleries for a new test market listing for Barbarossa Coconut Rum, 1.75L size (assigned new Code #4302), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Test Market Request (Calico Jack Silver Rum):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/White Rock Distilleries for a new test market listing for Calico Jack Silver Rum, 1.75L size (assigned new Code #4201), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. Test Market Result (Codes #5307 and #179):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission grant specialty statuses to Code #5307, Bushmills Irish Cream, 750ML size and Code #179, Jazz Vodka, 750ML size, each of which achieved their respective gross profits required for specialty item consideration at the conclusion of a six-month test market period, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Line Extension Requests:

a. Starbucks Coffee Liqueur, 50ML:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny a request from United Beverages, Inc./Future Brands LLC for a line extension to Starbucks Coffee Liqueur in the 50ML size, as recommended by Richard Gerrish,

Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted. It was, however, moved by Commissioner Byrne, seconded by Commissioner Maiola, that another one-time purchase of this product be conducted. The motion was unanimously adopted.

b. Appleton Estate VX Jamaican Rum, 1.75L

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Brown-Forman Corporation to add a line extension to Appleton Estate VX Jamaican Rum in the 1.75L size (assigned new Code #8629), as this brand in the 750ML size has exceeded the gross profit required for an added size listing, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Pepe Lopez Gold Tequila, 1.75L:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Brown-Forman Corporation to add a line extension to Pepe Lopez Gold Tequila in the 1.75L size (assigned new Code #3907), as this brand in the 750ML size has exceeded the gross profit required for an added size listing, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Appeal (5 items – United Beverages, Inc.):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission deny appeals from United Beverages, Inc. to keep Code #3201, Plymouth Gin, 750ML size, Code #1168, Absolut Mandarin, 1.75L size and Code #4758, Arrow Apricot, 750ML size in full distribution (all three products to be moved to specialty item status); and grant appeals to keep Code #8720, Arrow Blue Curacao, 750ML size and Code #5407, Mancini's Cosmopolitan, 750ML sizes as specialty items, the latter to be re-introduced in test market under the cocktail category, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) One Time Buy Requests:

a. Navan Liqueur, 50ML:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from United Beverages, Inc./Moet Hennessy USA to conduct a one-time buy of Navan Liqueur, 50ML size (assigned new Code #4407), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Grand Marnier 150th Anniversary Bottle:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from United Beverages, Inc./Moet Hennessy USA to conduct a one-time buy of Grand Marnier 150th Anniversary bottle with 2 snifters (assigned new Code #246), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Product Demo Request (Island Breeze Rums):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverages, Inc./Bacardi USA to conduct dry tastings of Bacardi Island Breeze Rums at fifteen (15) store locations from June 10 through July 30, 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) Purchase and Displays:

a. Purchase & Display Lancers:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from Martignetti Companies of N.H. for the Commission to purchase and display Lancers Rose and Lancers White wines in ten (10) stores during July and August 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Purchase & Display Graceland Cellars:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from Martignetti Companies of N.H. for the Commission to purchase and display three (3) Graceland Cellars wines in Cluster 1 and 2 stores during August and September 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Purchase & Display Campofiorin:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from Martignetti Companies of N.H. for the Commission to purchase and display one (1) Campofiorin wine in all Cluster 1 stores and four (4) additional stores during August and September 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Arnold Palmer Purchase & Introduction Offer:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny a request from Wineberries, Ltd. for a special purchase allowance and introduction of Arnold Palmer Wines from Luna Winery, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Castle Rock Buy One Get One Half Off – August & Sept. 2005:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from R.P. Imports/Castle Rock Winery to conduct a “Buy One Get One Half Off” promotion during August and September 2005 featuring four Castle Rock wines, including tastings at 16 retail stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) August Promotion and Introduction of Red Bicyclette Rose:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from Pine State Trading Company/ E & J Gallo Winery for the Commission to purchase Red Bicyclette Rose

to display in Cluster 1 and 2 stores, including two events to be held at Stores #73 and #76 in Hampton during August 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Discounted Wines (82 items – United Beverages, Inc.):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve close-out pricing for 82 wine items represented by United Beverages, Inc., effective immediately, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6) Recommended Allocated Wines for Distribution to Stores (6 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve six (6) allocated wines for distribution to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

7) “R” Wines for Allocation to Licensees Selected by the Broker (2 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve two (2) restricted wine codes for allocation to licensees selected by the broker, and retail distribution, as recommended by Nicole Brassard, Wine Marketing Specialist and John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

8) Primary Source Submissions (3 exclusive agent; 5 imported):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of three (3) wine codes which are offered by the exclusive marketing agent and five (5) wine codes which are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORT – No report.

IV. CHAIRMAN’S REPORT & LATE ITEMS

1. Bailment Requests:

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It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated June 2 through June 8, 2005. The motion was unanimously adopted.

2. Coupon Approvals: None.
3. Late Items/Other: None.

Anthony C. Maiola, Chairman

John W. Byrne, Commissioner

Patricia T. Russell, Commissioner

/D. Hartford